HOUSE BILL No. 2023

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Emissions allowance tax credit. Provides an income tax credit for taxpayers purchasing, selling, or otherwise using federal emission allowances. Provides that the tax credit is provided only for allowances purchased for more than $100. Provides that the tax credit may not exceed $5,000,000 for a taxpayer in a taxable year.

Effective: January 1, 2000.

Stilwell

January 27, 1999, read first time and referred to Committee on Ways and Means.

Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type.~~

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2023

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]:

Chapter 20. Indiana Emissions Allowance Credit

Sec. 1. As used in this chapter, "produce" and "production" mean the initial severance and extraction of coal from:

(1) a seam within Indiana; or

(2) the waste or residue of prior mining located within Indiana.

Sec. 2. As used in this chapter, "state tax liability" means the taxpayer's total tax liability that is incurred under:

(1) IC 6-2.1 (the gross income tax);

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax); or

(3) IC 6-3-8 (the supplemental net income tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this

chapter.

Sec. 3. As used in this chapter, "taxpayer" means a company, a partnership, or an individual engaged in the production, transfer, or use of coal.

Sec. 4. (a) A taxpayer is entitled to a credit against state tax liability if the taxpayer:

(1) purchases or has obtained rights to emission allowances created by the federal Clean Air Act Amendments of 1990 to enable the taxpayer to produce, market, or transport coal to be used in accordance with the emission limitations imposed by Title IV of the federal Clean Air Act Amendments of 1990; or

(2) sells, transfers, uses, or relinquishes the taxpayer's legal title to the allowance for the purposes of enabling coal to be used in accordance with the emission limitations imposed by Title IV of the federal Clean Air Act Amendments of 1990.

(b) To be eligible for the credit under this section, the taxpayer must also report:

(1) the original acquisition and subsequent sale or transfer of the allowances to the United States Environmental Protection Agency; and

(2) coal purchases to the Federal Energy Regulatory Commission on FERC Form 423 by the utility recipient of the coal.

Sec. 5. (a) Except as limited by subsections (b) and (c), the amount of credit allowed under this chapter is equal to:

(1) the tons of coal produced in Indiana that are sold and shipped by a taxpayer, multiplied by fifteen thousandths (0.015); multiplied by

(2) the actual average price paid by the taxpayer per ton for allowances required to meet the limitations imposed by Title IV of the federal Clean Air Act Amendments of 1990, multiplied by ninety-five hundredths (0.95).

(b) The credit allowed under this chapter may not exceed a total of five million dollars ($5,000,000) for a taxpayer for a taxable year.

(c) The credit allowed under this chapter applies only to allowances purchased for more than one hundred dollars ($100).

Sec. 6. (a) If the amount determined under section 5 of this chapter for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may not carry the excess over to the immediately following taxable years.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 7. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

(1) Against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.

(2) Against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.

(3) Against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter.

Sec. 8. To receive the credit provided by this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue all information that the department determines is necessary for the calculation of the credit provided by this chapter.

SECTION 2. [EFFECTIVE JANUARY 1, 2000] **IC 6-3.1-20, as added by this act, applies only to taxable years beginning after December 31, 1999.**